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June 30, 1997

SHANNON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

Bulletin 8 - 97

FROM: The Arkansas Insurance Department

SUBJECT: Licensee Code Revision and Simplification Act

Docket #: 054, 00. 97 -- 011
Effective Date: 7/1/97

Effective July 1, 1997, the Legislature passed Act 1004 of 1997 which will impact licensees of the Department in the following ways.

HIGHLIGHTS AND NEW PROVISIONS

I. GENERAL PROVISIONS

- a. Limited Adjusters: The new law allows the Commissioner to issue "limited adjusters licenses" to certain individuals.
- b. Insurance Advisory Board: The Insurance Advisory Examining Board has been eliminated.

II. LICENSING AND APPOINTMENT

- c. Prelicensing Education: Prelicensing ed must be done before testing, and proof of completion presented before the test will be administered. The old provision allowing for the prelicensing ed to be completed within 60 days after the license was issued, is eliminated.
- d. Banks and Insurance: The new Act eliminates the geographical marketing restrictions on banks' insurance agencies - they may now market their products outside the "town of less than 5,000", but the insurance agency owned by the bank must still be located in the small town.
- e. Limited Liability Companies: A limited liability company may be licensed, just as an individual, a firm, or a corporation.
- f. Agency Appointments: A company desiring to appoint an agency does not have to appoint all of the agents in that agency. The company may appoint only those agents with whom it chooses to transact business.
- g. Solicitors License: The new Code eliminates the solicitors license and appointments. (Solicitors, after paying an administrative transfer fee, shall become P & C agents.)
- h. ARF Fees: ARF fees will be due annually, on the individual's birthday, and failure to pay the ARF fee by the due date will result in an automatic fine procedure and revocation of the license, as prescribed.

i. Appointment/License: An agent may retain his license as long as he pays his applicable ARF fees and meets his continuing education obligation. He no longer has to have an appointment to remain licensed.

j. Inactive/Retired Status: There is no longer any provision for inactive or retired licenses; an agent either continues to meet ARF/CE requirements, and stays licensed, or he does not do so, and loses his license. An appointment is not necessary to remain licensed.

k. Biennial Appointments: Appointments by the companies of their agents shall continue to be every two years. (NOTE: They are not annual.)

III. CONTINUING EDUCATION

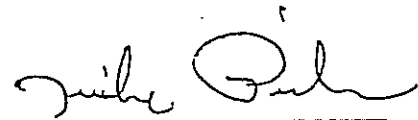
l. Annual CE: Continuing Education hours must be submitted on an annual basis, by the individual's birth date. Annual requirements will be eight hours and ten hours, respectively, (verses the old 16 and 20 hours every two years). There is a phase-in provision for those who were to obtain CE hours before 12-31-97.

m. Grandfather Exemption: The grandfather exemption has been retained, and is in full force and effect as before.

n. Non-Compliance: The penalties for non-compliance with CE are specifically laid out in the new Act, and are automatic, ranging from a fine of \$25.00 for 30 days past due, up to complete loss of license if the license remains suspended for one year from the due date of the education.

o. Correspondence Courses: Correspondence courses will still be accepted for CE, but after the effective date of the Act, a proctored-written exam will be required.

Questions regarding this Bulletin should be directed to the Legal Division of the Insurance Department.

 4/2/97

MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS